

15 U.S. Code § 687f. Unlawful acts and omissions by officers, directors, employees, or agents

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(a) VIOLATION BY LICENSEE DEEMED VIOLATION BY PERSONS PARTICIPATING

Wherever a [licensee \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-874513476-808409303&term_occur=123&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](#) violates any provision of this chapter or regulation issued thereunder by reason of its failure to comply with the terms thereof or by reason of its engaging in any act or practice which constitutes or will constitute a violation thereof, such violation shall be deemed to be also a violation and an unlawful act on the part of [any person \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-1068185591-1168934806&term_occur=206&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](#) who, directly or indirectly, authorizes, orders, participates in, or causes, brings about, counsels, aids, or abets in the [commission \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-1283237621-502640517&term_occur=999&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](#) of any acts, practices, or transactions which constitute or will constitute, in whole or in part, such violation.

(b) BREACH OF FIDUCIARY DUTY

It shall be unlawful for any officer, [director \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-310687660-1154399186&term_occur=434&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](#), [employee, \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-1193469614-1856983072&term_occur=690&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](#) agent, or other participant in the management or conduct of the affairs of a [licensee \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-874513476-808409303&term_occur=124&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](#) to engage in any act or practice, or to omit any act, in breach of his fiduciary duty as such officer, [director, \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-310687660-1154399186&term_occur=435&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](#) [employee, \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-1193469614-1856983072&term_occur=691&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](#) agent, or participant, if, as a result thereof, the [licensee \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-874513476-808409303&term_occur=125&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](#) has suffered or is in imminent danger of suffering financial loss or other damage.

(c) DISQUALIFICATION OF OFFICERS AND EMPLOYEES FOR DISHONESTY, FRAUD, OR BREACH OF TRUST Except with the written consent of the [Administration \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-253709438-808409301&term_occur=253&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](#), it shall be unlawful—

(1) for [any person \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-1068185591-1168934806&term_occur=207&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](#) hereafter to take office as an officer, [director \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-310687660-1154399186&term_occur=436&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](#) or [employee \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-1193469614-](#)

<https://www.law.cornell.edu/uscode/text/15/687f> of a [licensee \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-874513476-1856983072&term_occur=692&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](https://www.law.cornell.edu/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-874513476-1856983072&term_occur=692&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f), or to become an agent or participant in the conduct of the affairs or management of a [licensee \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-874513476-808409303&term_occur=126&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](https://www.law.cornell.edu/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-874513476-808409303&term_occur=126&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f), if—

(A) he has been convicted of a felony, or any other criminal offense involving dishonesty or breach of trust, or

(B) he has been found civilly liable in damages, or has been permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud or breach of trust; or

(2) for [any person \(/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-1068185591-1168934806&term_occur=208&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f\)](https://www.law.cornell.edu/definitions/uscode.php?width=840&height=800&iframe=true&def_id=15-USC-1068185591-1168934806&term_occur=208&term_src=title:15:chapter:14B:subchapter:III:part:A:section:687f) to continue to serve in any of the above-described capacities, if—

(A) he is hereafter convicted of a felony, or any other criminal offense involving dishonesty or breach of trust, or

(B) he is hereafter found civilly liable in damages, or is permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud or breach of trust.

(Pub. L. 85-699, title III (<https://www.congress.gov/public-laws>), § 314, as added Pub. L. 89-779 (<https://www.congress.gov/public-laws>), § 7, Nov. 6, 1966, 80 Stat. 1363 (https://www.law.cornell.edu/rio/citation/80_Stat._1363).)

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